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HOUSE BILL 55

**49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009**

INTRODUCED BY

Ray Begaye

AN ACT

RELATING TO TAXATION; AMENDING THE LOCAL HOSPITAL GROSS RECEIPTS TAX ACT TO PERMIT CERTAIN COUNTIES TO DEDICATE THE TAX AS MATCHING FUNDS AND TO EXTEND THE PERIOD FOR WHICH THE TAX IS IMPOSED.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-20C-3 NMSA 1978 (being Laws 1991, Chapter 176, Section 3, as amended) is amended to read:

"7-20C-3. LOCAL HOSPITAL GROSS RECEIPTS TAX--AUTHORITY TO IMPOSE--ORDINANCE REQUIREMENTS.--

A. A majority of the members elected to the governing body of a county may enact an ordinance imposing an excise tax on a person engaging in business in the county for the privilege of engaging in business. This tax is to be referred to as the "local hospital gross receipts tax". The

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1 rate of the tax shall be:

2 (1) one-half [~~of one~~] percent of the gross  
3 receipts of the person engaging in business if the tax is  
4 initially imposed before January 1, 1993;

5 (2) one-eighth [~~of one~~] percent of the gross  
6 receipts of the person engaging in business if the tax is  
7 initially imposed after January 1, 1993; and

8 (3) a rate not to exceed one-half [~~of one~~]  
9 percent of the gross receipts of the person engaging in  
10 business if the tax is imposed after July 1, 1996 in a county  
11 described in Paragraph (4), (6), (7) or (8) of Subsection A of  
12 Section 7-20C-2 NMSA 1978; provided the tax may be imposed in  
13 any number of increments of one-eighth percent not to exceed an  
14 aggregate rate of one-half [~~of one~~] percent of gross receipts.

15 B. The local hospital gross receipts tax imposed:

16 (1) initially before January 1, 1993 shall be  
17 imposed only once for the period necessary for payment of the  
18 principal and interest on revenue bonds issued to accomplish  
19 the purpose for which the revenue is dedicated, but the period  
20 shall not exceed ten years from the effective date of the  
21 ordinance imposing the tax [~~The local hospital gross receipts~~  
22 ~~tax imposed~~]; or

23 (2) after July 1, 1996 in a county described  
24 in Paragraph (4) or (8) of Subsection A of Section 7-20C-2 NMSA  
25 1978 shall be imposed [~~only once~~] for the period necessary for

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1 payment of the principal and interest on revenue bonds issued  
2 to accomplish the purpose for which the revenue is dedicated,  
3 but the period shall not exceed forty years from the effective  
4 date of the ordinance imposing the tax; provided, however, that  
5 the governing body of a county described in Paragraph (8) of  
6 Subsection A of Section 7-20C-2 NMSA 1978 that has enacted an  
7 ordinance imposing an increment of the local hospital gross  
8 receipts tax pursuant to the provisions of this paragraph may,  
9 prior to the date of the delayed repeal of the ordinance, enact  
10 an ordinance to modify the period of imposition of the tax and  
11 modify the purposes for which the revenue from the tax is  
12 dedicated, consistent with one or more of the purposes  
13 permitted pursuant to Paragraph (6) of Subsection D of this  
14 section. The ordinance shall be subject to the election  
15 requirement of Subsection E of this section.

16 C. No local hospital gross receipts tax authorized  
17 in Subsection A of this section shall be imposed initially  
18 after January 1, 1993 in a county described in Paragraph (2),  
19 (3) or (5) of Subsection A of Section 7-20C-2 NMSA 1978 unless:

20 (1) in a county described in Paragraph (2) of  
21 Subsection A of Section 7-20C-2 NMSA 1978, the voters of the  
22 county have approved the issuance of general obligation bonds  
23 of the county sufficient to pay at least one-half of the costs  
24 of the county hospital facility or county twenty-four-hour  
25 urgent care or emergency facility for which the local hospital

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1 gross receipts tax revenues are dedicated, including the costs  
2 of all acquisition, renovation and equipping of the facility;  
3 or

4 (2) in a county described in Paragraph (3) or  
5 (5) of Subsection A of Section 7-20C-2 NMSA 1978, the county  
6 will not have in effect at the same time a county hospital  
7 emergency gross receipts tax and the voters of the county have  
8 approved the imposition of a property tax at a rate of one  
9 dollar (\$1.00) on each one thousand dollars (\$1,000) of taxable  
10 value of property in the county for the purpose of operation  
11 and maintenance of a hospital owned by the county and operated  
12 and maintained either by the county or by another party  
13 pursuant to a lease with the county.

14 D. The governing body of a county enacting an  
15 ordinance imposing a local hospital gross receipts tax shall  
16 dedicate the revenue from the tax as provided in this  
17 subsection. In any election held, the ballot shall clearly  
18 state the purpose to which the revenue will be dedicated and  
19 the revenue shall be used by the county for that purpose. The  
20 revenue shall be dedicated as follows:

21 (1) prior to January 1, 1993, the governing  
22 body, at the time of enacting an ordinance imposing the rate of  
23 the tax authorized in Subsection A of this section, shall  
24 dedicate the revenue for acquisition of land for and the  
25 design, construction, equipping and furnishing of a county

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1 hospital facility to be operated by the county or operated and  
2 maintained by another party pursuant to a lease with the  
3 county;

4 (2) if the governing body of a county  
5 described in Paragraph (2), (3) or (5) of Subsection A of  
6 Section 7-20C-2 NMSA 1978 is enacting the ordinance imposing  
7 the tax after July 1, 1993, the governing body shall dedicate  
8 the revenue for acquisition, renovation and equipping of a  
9 building for a county hospital facility or a county twenty-  
10 four-hour urgent care or emergency facility or for operation  
11 and maintenance of that facility, whether operated and  
12 maintained by the county or by another party pursuant to a  
13 lease or management contract with the county, for the period of  
14 time the tax is imposed not to exceed ten years;

15 (3) if the governing body of a county  
16 described in Paragraph (4) or (8) of Subsection A of Section  
17 7-20C-2 NMSA 1978 is enacting the ordinance imposing the tax  
18 after July 1, 1995, the governing body shall dedicate the  
19 revenue for acquisition of land or buildings for and the  
20 renovation, design, construction, equipping or furnishing of a  
21 county hospital facility or health clinic to be operated by the  
22 county or operated and maintained by another party pursuant to  
23 a health care facilities contract, lease or management contract  
24 with the county; provided, however, that the governing body of  
25 a county described in Paragraph (8) of Subsection A of Section

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1 7-20C-2 NMSA 1978 that has imposed an increment of the local  
2 hospital gross receipts tax prior to January 1, 2009 and  
3 dedicated the revenue from that imposition pursuant to the  
4 provisions of this paragraph may, prior to the date of the  
5 delayed repeal of the ordinance imposing the increment of the  
6 tax, enact an ordinance to modify the period of imposition of  
7 the tax and modify the purposes for which the revenue from the  
8 tax is dedicated, consistent with one or more of the purposes  
9 permitted pursuant to Paragraph (6) of this subsection. The  
10 ordinance shall be subject to the election requirement of  
11 Subsection E of this section;

12 (4) if the governing body of a county  
13 described in Paragraph (6) or (9) of Subsection A of Section  
14 7-20C-2 NMSA 1978 is enacting the ordinance imposing the tax  
15 after July 1, 1997, the governing body shall dedicate the  
16 revenue for either or a combination of the following:

17 (a) acquisition of land or buildings for  
18 and the design, construction, renovation, equipping or  
19 furnishing of a hospital facility or health clinic owned by the  
20 county or a hospital or health clinic with ~~whom~~ which the  
21 county has entered into a health care facilities contract lease  
22 or management contract; or

23 (b) operations and maintenance of a  
24 hospital or health clinic owned by the county or a hospital or  
25 a health clinic with ~~whom~~ which the county has entered into a

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1 health care facilities contract; ~~and~~

2 (5) if the governing body of a county  
3 described in Paragraph (7) of Subsection A of Section 7-20C-2  
4 NMSA 1978 is enacting the ordinance imposing the tax after  
5 January 1, 2002, the governing body shall dedicate the revenue  
6 for acquisition, lease, renovation or equipping of a hospital  
7 facility or for operation and maintenance of that facility,  
8 whether operated and maintained by the county or by another  
9 party pursuant to a health care facilities contract, lease or  
10 management contract with the county; and

11 (6) if the governing body of a county  
12 described in Paragraph (8) of Subsection A of Section 7-20C-2  
13 NMSA 1978 is enacting the ordinance imposing one or more  
14 increments of the tax after January 1, 2009, the governing body  
15 shall dedicate the revenue for either or both of the following:

16 (a) payment of the principal and  
17 interest on revenue bonds, including refunding bonds, issued  
18 for acquisition of land or buildings for and the renovation,  
19 design, construction, equipping or furnishing of hospital  
20 facilities or health care clinic facilities to be operated by  
21 the county or operated and maintained by another party pursuant  
22 to a health care facilities contract, lease or management  
23 contract with the county; and

24 (b) use as matching funds for state or  
25 federal programs benefiting the facilities.

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1           E. The ordinance shall not go into effect until  
2 after an election is held and a simple majority of the  
3 qualified electors of the county voting in the election vote in  
4 favor of imposing the local hospital gross receipts tax and, in  
5 the case of a county described in Paragraph (3) or (5) of  
6 Subsection A of Section 7-20C-2 NMSA 1978, also vote in favor  
7 of a property tax at a rate of one dollar (\$1.00) for each one  
8 thousand dollars (\$1,000) of taxable value of property in the  
9 county. The governing body shall adopt a resolution calling  
10 for an election within seventy-five days of the date the  
11 ordinance is adopted on the question of imposing the tax. The  
12 question may be submitted to the qualified electors and voted  
13 on as a separate question in a general election or in any  
14 special election called for that purpose by the governing body.  
15 A special election on the question shall be called, held,  
16 conducted and canvassed in substantially the same manner as  
17 provided by law for general elections. If the question of  
18 imposing a local hospital gross receipts tax fails or if the  
19 question of imposing both a local hospital gross receipts tax  
20 and a property tax fails, the governing body shall not again  
21 propose a local hospital gross receipts tax for a period of one  
22 year after the election. A certified copy of any ordinance  
23 imposing a local hospital gross receipts tax shall be mailed to  
24 the department within five days after the ordinance is adopted  
25 in an election called for that purpose.

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1 F. An ordinance enacted pursuant to the provisions  
2 of Subsection A of this section shall include an effective date  
3 of either July 1 or January 1, whichever date occurs first  
4 after the expiration of at least three months from the date the  
5 ordinance is approved by the electorate.

6 G. An ordinance repealed under the provisions of  
7 the Local Hospital Gross Receipts Tax Act shall be repealed  
8 effective on either July 1 or January 1.

9 H. As used in this section, "taxable value of  
10 property" means the sum of:

11 (1) the net taxable value, as that term is  
12 defined in the Property Tax Code, of property subject to  
13 taxation under the Property Tax Code;

14 (2) the assessed value of products, as those  
15 terms are defined in the Oil and Gas Ad Valorem Production Tax  
16 Act;

17 (3) the assessed value of equipment, as those  
18 terms are defined in the Oil and Gas Production Equipment Ad  
19 Valorem Tax Act; and

20 (4) the taxable value of copper mineral  
21 property, as those terms are defined in the Copper Production  
22 Ad Valorem Tax Act, subject to taxation under the Copper  
23 Production Ad Valorem Tax Act."

24 Section 2. EFFECTIVE DATE.--The effective date of the  
25 provisions of this act is July 1, 2009.

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